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GOVERNMENT OF INDIA.

MINISTRY OF COMMERCE

RESOLUTION

TARIFFS

New Delhi, the 20th May 1949

No. 8-T(1)/48. —In their Resolution No. 8-T(1)/48, dated the 7th February 1948 in the Ministry of Commerce, the Government of India requested the Tariff Board to examine and recommend the ex-works retention prices of steel produced by the Tata Iron and Steel Company and the Steel Corporation of Bengal. The Board, having conducted an inquiry, has submitted its report. Its main recommendations are as follows:—

(1) Different ex-works retention prices should be allowed to the two companies, as the works costs of the Steel Corporation are invariably higher than those of the Tata Company, the principal reasons for this difference being higher cost of materials, higher expenditure on refractories and higher general works expense.

(2) The Steel Corporation should take immediate steps to effect a substantial reduction in its expenditure on refractories and dolomite.

(3) Both the Tata Company and the Steel Corporation should reduce the galvanising and corrugating costs of sheets. In the case of the Tata Company, this is possible by reducing the consumption of spelter and also by reducing the "stocking and shipping" charges. The Steel Corporation also should reduce its cost by reducing the consumption of sulphuric acid.

(4) The Tata Iron and Steel Company should take early steps to reconstruct its share capital by converting the deferred shares into ordinary ones.

(5) The Steel Corporation of Bengal and the Indian Iron and Steel Company should examine at a very early date the possibility of integrating the two plants through amalgamation.

(6) The works costs and overheads of the Steel Corporation should be re-examined and fair retention prices reviewed at the end of the year. The cost of production of hot metal should also be re-examined in connection with this general review.

(7) Government should make arrangements to supply spelter to both the Companies at the price which the Board has taken in its estimates of costs. Alternatively, the Companies should be reimbursed in respect of the total cost incurred owing to the higher

price of spelter paid by them on their actual purchases. This payment should be on a normal consumption of spelter at the rate of 170/175 lbs. (grades) per ton of galvanised sheets.

(8) The Steel Industry has made certain representations to the Ministry of Industry and Supply in regard to specifications and ordering of tested steel. The proposals in this behalf should receive favourable consideration.

(9) The whole question of the most effective utilisation of steel making capacity in the country deserves early examination with a view to securing an economic integration of the steel industry.

2. The Government of India have given careful consideration to the first recommendation of the Tariff Board but do not consider it desirable under present circumstances to make a radical departure from existing practice by fixing separate prices for the two principal producers. With separate prices there should be less incentive for increasing efficiency. The certain expectation that Government would reimburse all increases in cost would give little inducement to reduce costs or to keep increases to the minimum. In the case of the Steel Corporation of Bengal, higher costs are mainly due to the higher price of hot metal which they obtain from their associated company, namely, the Indian Iron and Steel Company. If full compensation for the higher cost of steel on this account is given the Steel Corporation of Bengal will have no inducement to integrate with the Indian Iron and Steel Company as recommended by the Tariff Board. The Government of India, however, consider that the common prices fixed should be such as would enable Steel Corporation of Bengal also to earn a reasonable profit on their investment. Based on the general lines of increases suggested by the Tariff Board after cost examination of the two concerns, the Government of India propose to fix a schedule of prices for all controlled categories of steel which represent roughly an increase of about Rs. 17 per ton over existing retention prices. The Board have also recommended fair retention prices for certain uncontrolled categories of steel *e.g.*, Sleepers, Wheels and Tyres, Axles and Acid Steel Plates; and it has been decided that the prices of these categories should also be brought under control with effect from the 1st May, 1949 at the prices recommended. In addition both Companies will be reimbursed the extra cost of spelter as recommended by the Tariff Board *vide* Recommendation 7). With this addition the average over-all increase on the existing schedule of retention prices will be about Rs. 18 per ton. After considering however, recommendation (6), in the light of the above, it has been decided that these prices will take effect from the 1st of May 1949 and will remain in force until the 30th of April 1951, as it is desirable to have some stability in price and to enable both companies to carry out re-organisations recommended by the Tariff Board.

3. The Government of India agree with recommendations (2) to (5) and hope that the two companies will take early steps to implement them.

4. Recommendations (8) and (9) are under consideration and the decision of Government will be announced later.

ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments; all Chief Commissioners; the Ministry of External Affairs and the several Ministries of the Government of India; Prime Minister's Secretariat; the Cabinet Secretariat; the Private and Military Secretaries to His Excellency the Governor-General; the Central Board of Revenue; the Auditor General; the Director General of Employment and Resettlement; the Director General, Industry and Supply; the Department of Scientific Research; the High Commissioner for India in London, Colombo, Ottawa, Karachi and

Canberra; the Indian Ambassadors at Nanking, Moscow, Tehran, Kathmandu, Rangoon, Cairo, Kabul, Ankara, Washington, Prague, and Rio-de-Janero; the Commissioner General for Commercial and Economic Affairs in Europe, Paris; the Charge d' Affaires of India in Paris and Brussels; the Envoys extraordinary and Ministers Plenipotentiary of India, Bangkok, and Berne; the Consuls General for India in Batavia, Buenos Aires, Shanghai, Pondicherry, Saigon, Kashgar, New York, and San Francisco; the Deputy High Commissioner for India in Lahore, London and Dacca; The Secretary to the High Commissioner for India in the Union of South Africa, Johannesburg; the Agents of the Government of India in Kandy and Kuala Lumpar; the Consuls for India at Saigon, Goa, and Jedda; the Vice Consuls for India at Medan and Zehedan; the Indian Political Officer, Sikkim; the Representative of the Government of India in Singapur; the Commissioners for the Government of India in Trinidad, Nairobi, Mauritius, and Fiji; the Head of the Indian Liaison Mission, Tokyo; the Head of the Military Mission, Berlin; the Indian Government Trade Commissioners in Toronto, Sydney, Mombassa, Colombo, Paris and Karachi; the Assistant Indian Government Trade Commissioner, Dacca; the Commercial Adviser to the High Commissioner in U.K., London; the Commercial Secretaries to the Indian Embassies at Alexandria, Rio-de-Janero, Rangoon, Tehran and Kabul; His Majesty's Senior Trade Commissioner in India; the United States Embassy, New Delhi; The Canadian Trade Commissioner in India; the Australian Trade Commissioner in India; the Norwegian Consul General, Bombay; the High Commissioner for Pakistan in India, New Delhi; the Directors of Industries of Saurashtra Union, Rajkot; the United States of Vindhya Pradesh, Rewa; the United State of Rajasthan; the Madhya Bharat Union, Indore; the Patiala and East Punjab States Union, Patiala; the Editor, Journal of Scientific and Industrial Research, New Delhi; Indian Consul of Agriculture Research; the Indian Standard Institution, Delhi; the Free India Service, Tamrind House, Tamrind lane, Bombay; The Economic Adviser to the Government of India; the Economic Adviser to the Rajasthan Union; the Director General of Commercial Intelligence and Statistics, Calcutta; the Secretary, Tariff Board, Bombay; The Secretary, the Industrial Finance Corporation of India, New Delhi; and All recognised Chambers of Commerce and Trade Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

S. RANGANATHAN, Jt. Secy.

MINISTRY OF DEFENCE

NOTIFICATION

New Delhi, the 20th May 1949

No. 66/E.—In exercise of the powers conferred by sub-section (1) of section (2) of the Armed Forces (Emergency Duties) Act, 1947 (XV of 1947), the Central Government is pleased to declare the maintenance of sewage pumping station at Bombay as a service of vital importance to the community with effect from the 18th May 1949.

H. M. PATEL, Secy.

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